

Message Text

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PAGE 01 STATE 153494
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-----100825 161613Z /45
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FM SECSTATE WASHDC
TO AMEMBASSY MONROVIA PRIORITY

UNCLAS STATE 153494

E.O. 11652: N/A

TAGS: BEXP, ENRG, LI

SUBJECT: AFRICA OIL COMPANY

1. THE AFRICA OIL COMPANY OF NEW YORK CITY HAS ASKED
THE DEPARTMENT TO CABLE THE FOLLOWING MESSAGE (DATED
JUNE 13 AND RECEIVED JUNE 16) TO ENSURE EMBASSY RECEIPT.
MESSAGE IS SELF-EXPLANATORY. PLEASE ADVISE.

2. QUOTE: ATTENTION MR. HAROLD E. HORAN, CHARGE D'
AFFAIRES. WE ARE AN AMERICAN BASED OIL TRADING COMPANY
WHO HAVE ENTERED INTO A CONTRACT WITH THE GOVERNMENT OF
LIBERIA TO DELIVER 3 CARGOES OF MIXED PETROLEUM PRODUCTS.
THE FIRST CARGO HAS ALREADY BEEN DELIVERED BY VESSEL
"ST KATHERINEN" WHICH ARRIVED MONROVIA JUNE 2, 1978.

3. THE CONTRACT WAS NEGOTIATED AND CONFIRMED BY TELEX
COMMUNICATION BY THE MINISTRY OF COMMERCE, INDUSTRY AND
TRANSPORTATION. HOWEVER, THEY HAVE NOW BACKED OUT OF OUR
CONTRACT FOR THE REMAINING TWO CARGOES.

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4. THE FOLLOWING WILL GIVE YOU SOME BACKGROUND
INFORMATION. THE REMAINING DELIVERY SCHEDULE IS:
GASOLINE 5000MT IN JUNE AND 5000MT IN JULY
JET FUEL 4000MT IN JUNE AND 4000MT IN JULY
GASOIL 11,000MT IN JUNE AND 8000MT IN JULY

THE UNIT PRICES ARE:

GASOLINE USD 147.20/MT
JET FUEL USD 143.95/MT
GASOIL USD 136.70/MT

5. THE OUTSTANDING VALUE OF THIS CONTRACT EXCEEDS 5.2 MILLION DOLLARS. WE HAVE ALREADY PURCHASED THIS MATERIAL WHICH IS NOW SITTING IN STORAGE AWAITING SHIPPING INSTRUCTIONS. SINCE THE DATE THE GOVERNMENT OF LIBERIA ENTERED INTO OUR CONTRACT OF MAY 15 AND 16, 1978, AND TODAY, THE MARKET PRICES HAVE FALLEN AND THE GOVERNMENT OF LIBERIA WAS ABLE TO BUY MATERIAL CHEAPER ELSEWHERE.

6. UPON CONFERRING WITH OUR ATTORNEYS THEY HAVE ASCERTAINED WE HAVE A BINDING VALID CONTRACT THAT WOULD STAND UP IN ANY COURT OF LAW. HOWEVER AT THIS POINT IN TIME WE ONLY WISH TO RESORT TO LEGAL ACTIONS AS A LAST RECOURSE BUT ONE NEVERTHELESS WE WILL RESORT TO IF NECESSARY.

7. IN THIS REGARD WE WOULD APPRECIATE IF THE AMERICAN EMBASSY COULD INTERCEDE ON OUR BEHALF WITH THE GOVERNMENT OF LIBERIA. THE GENTLEMEN WHO WE HAVE BEEN IN CONTACT WITH ARE MINISTER DAVID MOORE AND ASST. MINISTER I. SHERIFF AT THE MINISTRY OF COMMERCE, INDUSTRY AND TRANSPORTATION.

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8. PLEASE STRESS UPON THE APPROPRIATE PEOPLE THAT THE GOVERNMENT OF LIBERIA CANNOT ENTER INTO CONTRACTS AND WITHDRAW TO BENEFIT THEMSELVES WHEN THE MARKET CHANGES. THESE PURCHASES WERE MADE BY US AT PREVAILING MARKET PRICES AND IF WE SOLD ELSEWHERE TODAY ON THE SPOT MARKET WE WOULD HAVE TO INCUR SUBSTANTIAL LOSSES WHICH WILL HAVE TO BE PASSED ONTO THE GOVERNMENT OF LIBERIA IF THEY DO NOT LIVE UP TO THEIR CONTRACT OBLIGATIONS.

9. WE HAVE PUT THEM ON NOTICE THAT WE MUST HAVE THEIR SHIPPING INSTRUCTIONS BY JUNE 15, 1978.

10. IF YOU CANNOT INTERCEDE ON OUR BEHALF WE WOULD APPRECIATE YOUR RECOMMENDING AN ALTERNATE EFFECTIVE SOURCE OF CONTACT WITH WHOM WE MAY TAKE THIS MATTER UP WITH.

11. YOURS TRULY, S. HANZEL, AFRICA OIL CORP., TELEX: NY 148428 OR 666374, CABLE: CHEMOILIND NEW YORK, PHONE 212-355-0775. UNQUOTE.

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